

PUBLIC DISCLOSURE

MARCH 19, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

NORTHMARK BANK

CERT #27119

**89 TURNPIKE STREET
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**Federal Deposit Insurance Corporation
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NOTE:	This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks or the Federal Deposit Insurance Corporation concerning the safety and soundness of this financial institution.
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GENERAL INFORMATION

The Community Reinvestment Act ("CRA") requires the Massachusetts Division of Banks ("Division") and the Federal Deposit Insurance Corporation ("FDIC") to use their authority when examining financial institutions subject to their supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agencies must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **Northmark Bank (or the "Bank")** prepared by the Division and the FDIC, the institution's supervisory agencies, as of **March 19, 2012**. The agencies evaluate performance in the assessment area as defined by the institution, rather than individual branches. The Division and FDIC rate the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00 and Part 345 of the FDIC's Rules and Regulations.

INSTITUTION'S CRA RATING: This institution is rated **"Satisfactory."**

An institution in this group has an adequate record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Lending Test:

The institution is rated **"Satisfactory"** under the Lending Test. This rating is supported by the following summary of results:

Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable (considering seasonal variations and taking into account lending related activities) given the institution's size, financial condition, and assessment area credit needs. The Bank's average net loan-to-deposit ratio over the 12 quarters since the prior CRA evaluation dated March 18, 2009, was 90.7 percent.

Assessment Area Concentration

Overall, in total, the Bank originated a majority of home mortgage and small business loans, by number and dollar amount, within its designated assessment area; however, the Bank originated less than a majority of home mortgage loans in the assessment area. Northmark Bank originated a majority of small business loans by number and dollar amount inside the assessment during the review period.

Geographic Distribution

Overall, the Bank's geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The distribution of the Bank's home mortgage lending reflects reasonable dispersion, as the Bank exceeded the aggregate market in percentage of loans in the moderate-income tracts in 2010. The Bank's small business lending reflects good dispersion as the concentration of lending in low- and moderate-income geographies exceeded the percentage of total businesses in 2010 and 2011.

Borrower Characteristics

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income), and businesses of different sizes. While the aggregate market exceeded the Bank's percentage of home mortgage loans to low- and moderate- income borrowers, consideration was given to the high value of home prices in the assessment area and the Bank's distribution of branch locations. The Bank responded to small business financing needs by making a reasonable number of loans to the assessment area's small businesses.

Response to Complaints

Northmark Bank did not receive any CRA-related complaints during the period reviewed.

Community Development Test

The institution's community development performance demonstrated an adequate responsiveness to the community development needs of its assessment area. The performance within this test was influenced primarily by the institution's community development lending activity and community development services. The following conclusions support the assigned rating.

Community Development Lending

During the evaluation period, the Bank originated four qualified community development loans totaling \$540,391 in its assessment area. These loans provided affordable housing and promoted economic development through small business financing in the assessment area. The Bank also originated two community development loans just outside the assessment area.

Community Development Investments

Investments during the time period totaled \$19,645 and consisted solely of qualified charitable donations and grants.

Community Development Services

The Bank was adequately involved in community development organizations within its designated assessment area. Officers and employees, as well as Directors, offered their financial expertise to community development organizations providing services primarily to low- and moderate-income individuals and families.

SCOPE OF EXAMINATION

Northmark Bank is considered an Intermediate Small Institution under CRA as total assets exceeded the January 1, 2012 total asset threshold of \$290.0 million for each of the prior two calendar year ends. Total assets were \$304.4 million as of December 31, 2010 and \$305.6 million as of December 31, 2011. Therefore, this evaluation assesses Northmark Bank's CRA performance utilizing the Interagency Intermediate Small Institution ("ISI") Examination Procedures, as established by the Federal Financial Institutions Examination Council ("FFIEC"). These procedures require two performance tests: the Lending Test and the Community Development Test. The Lending Test is an analysis of the distribution of loans, and the Community Development Test is an evaluation of community development activities since the previous evaluation.

The Lending Test considered the Bank's home mortgage and small business lending activities. According to management, the Bank's lending focus is on the origination of both residential and commercial real estate loans, as well as commercial and industrial loans. As of December 31, 2011, residential real estate lending comprised 63.4 percent of the Bank's loan portfolio, the majority of which were secured by 1-4 family properties. Commercial real estate lending represented 20.1 percent of the portfolio, while commercial and industrial loans represented 9.1 percent.

Data reviewed included originated home mortgage loans reported on the Bank's Loan Application Registers ("LARs") for full year 2010 and 2011 maintained pursuant to the Home Mortgage Disclosure Act ("HMDA"). The LARs contain data about home purchase and home improvement loans, including refinancings, for one-to-four family and multifamily (five or more units) properties. The institution reported 120 loans totaling \$40.8 million in 2010, and 114 loans totaling \$38.0 million in 2011. The Bank's 2010 home mortgage lending performance was compared against 2010 aggregate lending data within the assessment area. Aggregate data includes all financial institutions subject to HMDA that originated at least one home mortgage loan in the Bank's assessment area. The evaluation focused on the Bank's lending performance in 2010, as aggregate data for 2011 was not yet available.

Small business loans were also reviewed for the same time period. As an ISI, the Bank has the option of collecting and reporting small business lending data. The Bank opted to collect and report 2010 data, but opted not to report 2011 data. The Bank's internal records indicated that the institution originated 102 small business loans totaling \$11.2 million in 2010, and 111 small business loans totaling \$14.0 million in 2011. As the Bank is not required to report small business loan data, small business aggregate data was not used for formal comparison purposes. Instead, business demographics of the assessment area were used as a means of measuring the Bank's performance. The Bank has only a nominal level of small farm and consumer lending activity; thus, these product lines are not included in the evaluation.

To determine weight assigned to each product for purposes of this evaluation, consideration was given to the volume of residential loans versus small business loans originated during the review period, as well as the composition of the Bank's loan portfolio. In arriving at overall conclusions, equal weight was given to each loan type, as the total number of originations in 2010 and 2011 were similar for both products. The assignment of equal weight to both products was also based on assessment area needs as indicated by Bank management and a community contact. The Bank's formal community credit needs assessment identified employment growth as the core need of its assessment area. According to Bank management, new jobs will strengthen local businesses, improve municipal finances, and begin to bring stability to the area housing market. A community contact conducting during the evaluation also identified local business financing as the assessment area's most critical need.

Although the total dollar amounts of loans are discussed under the Lending Test, the evaluation is primarily based on the Bank's lending performance by the number of loans originated or purchased during the review period.

The Community Development Test considered the number and dollar amount of community development loans, qualified investments, and community development services. The Community Development Test includes all community development activities in which the Bank was involved from March 18, 2009 through March 19, 2012.

The Bank's previous CRA evaluation was conducted by the FDIC and the Division as of March 18, 2009, using Small Institution Examination Procedures. The evaluation resulted in an overall "Satisfactory" CRA rating.

Demographic information referenced in this evaluation was obtained from the 2000 United States ("US") Census and financial data about the Bank was obtained from the December 31, 2011 Consolidated Report of Condition ("Call Report") unless otherwise noted.

PERFORMANCE CONTEXT

Description of Institution

Northmark Bank is a privately held, stock-owned commercial institution with \$305.6 million in total assets as of December 31, 2011. Total assets have increased by \$31.8 million (11.6 percent) since December 31, 2008. The Bank's main office is located at 89 Turnpike Street in North Andover, Massachusetts. The Bank also maintains two branch offices; one in Andover, Massachusetts and one in Winchester, Massachusetts. The main office is located in a middle-income census tract and the two branch offices are located in upper-income census tracts.

Northmark Bank operates with 43 employees (42 full-time equivalents). The Bank offers standard lending and deposit products to both consumers and businesses. The products and services offered by the Bank are not significantly different from those offered by the Bank's competition. According to Bank management, the institution differentiates itself from the competition through its customized personal service. The Bank serves clients in a variety of demographic categories, including individuals and small businesses. Regardless of the demographic, the Bank has grown through the pursuit of "high-touch," comprehensive relationships with its clients. The Bank's personalized approach resulted in client relationships which expand beyond the Bank's local market area. The Bank rarely utilizes conventional media advertising and has generated most of its growth through expansion of existing relationships and word-of-mouth.

According to the December 31, 2011 Call Report, loans secured by residential real estate (1-4 family and multifamily combined) comprise 63.4 percent of the Bank's total loans, while commercial loans (commercial real estate and commercial and industrial loans) account for 29.2 percent of total loans.

The Bank experienced growth in all major components of its loan portfolio from December 31, 2008 to December 31, 2011. Northmark Bank sells its fixed-rate residential mortgages on the secondary market and retains adjustable-rate mortgages in its portfolio.

Table 1 below illustrates the Bank's loan portfolio as of December 31, 2011.

Table 1 – Loan Portfolio Distribution as of December 31, 2011		
Loan Type	Dollar Volume \$(000)	Percentage of Total Loans
Construction and Land Development	15,771	6.5
Secured by Farmland	430	0.2
Revolving Open-end 1-4 Family Residential	25,599	10.6
Closed-end 1-4 Family Residential First Lien	122,851	50.7
Closed-end 1-4 Family Residential Junior Lien	2,907	1.2
Multifamily Residential	2,075	0.9
Commercial Real Estate	48,812	20.1
Commercial and Industrial Loans	22,015	9.1
Consumer Loans	1,186	0.5
Other Loans	506	0.2
Total	242,152	100.0

Source: December 31, 2011 Consolidated Report of Condition

This is Northmark Bank's first evaluation under ISI Examination Procedures. There are no apparent financial or legal impediments that would limit the Bank's ability to help meet the credit needs of its assessment area.

Description of Assessment Area

The CRA requires the designation of one or more assessment areas within which a financial institution's record of helping to meet the credit needs of its community will be evaluated. The Bank has one designated assessment area that conforms to CRA requirements since it consists of whole geographies, does not arbitrarily exclude low- and moderate-income areas, does not extend beyond state boundaries, and does not reflect illegal discrimination. The Bank has changed its assessment area since the previous CRA evaluation. At the previous CRA evaluation, the assessment area was comprised of the municipalities of Andover, Haverhill, Lawrence, Methuen, North Andover, North Reading, Wilmington, Winchester, and Woburn, in Massachusetts, as well as Salem, New Hampshire.

In 2011, the Bank's assessment area was changed by adding the municipalities of Arlington, Lexington, and Reading in Massachusetts, and removing Haverhill, Lawrence (with the exception of census tracts 2515, 2516, 2517, and 2518), Methuen (with the exception of census tract 2526.01) and Salem, New Hampshire. The Bank included Arlington, Lexington and Reading in recognition of the increased lending in these communities which about the Bank's previous assessment area. The communities removed from the Bank's assessment area are north of Interstate 495 and the Merrimack River. This portion of the previous assessment area was a vestige from the Bank's founding in 1987, and the Bank does not have a branch in those communities. According to management, despite the Bank's significant efforts over a prolonged period, the river and Interstate 495 proved to be geographic and man-made borders that segmented this portion of the Bank's assessment area.

Geographies

The Bank's assessment area is located within the Boston-Cambridge-Quincy MA-NH Metropolitan Statistical Area ("MSA"). Table 2 provides further details on the Bank's assessment area.

Table 2 – Assessment Area		
Assessment Area Component	County	Metropolitan Division ("MD")
Andover, MA	Essex	Peabody, MA #37764
Arlington, MA	Middlesex	Cambridge-Newton- Framingham, MA #15764
Lexington, MA	Middlesex	Cambridge-Newton- Framingham, MA #15764
Lawrence MA – Census Tracts 2515, 2516, 2517 and 2518	Essex	Peabody, MA #37764
Methuen, MA – Census Tract 2526.01	Essex	Peabody, MA #37764
North Andover, MA	Essex	Peabody, MA #37764
North Reading, MA	Middlesex	Cambridge-Newton- Framingham, MA #15764
Reading, MA	Middlesex	Cambridge-Newton- Framingham, MA #15764
Wilmington, MA	Middlesex	Cambridge-Newton- Framingham, MA #15764
Winchester, MA	Middlesex	Cambridge-Newton- Framingham, MA #15764
Woburn, MA	Middlesex	Cambridge-Newton- Framingham, MA #15764

Source: 2000 US Census Data and Bank Records

The analysis for the *Geographic Distribution* section of the Lending Test is based on the distribution of loans by census tract income level, especially in those designated low- and moderate-income. Each census tract is assigned an income level based on the median family income ("MFI") of the tract as compared to the MFI established for the Metropolitan Statistical Area ("MSA") or MD in which the tract is located. The four income levels are defined below.

Low-Income: Less than 50 percent of MFI

Moderate-Income: At least 50 percent but less than 80 percent of MFI

Middle-Income: At Least 80 percent but less than 120 percent of MFI

Upper-Income: 120 percent or greater of MFI

The assessment area contains 54 census tracts, of which 1 is low-, 4 are moderate-, 25 are middle-, and 24 are upper-income. The low-income tract is located in Lawrence, while the moderate-income census tracts are in Woburn (2) and Lawrence (2).

According to 2000 US Census data, the population of the assessment area is 277,525. Of the total assessment area population, 2.2 percent reside in the low-income census tracts, 6.4 percent reside in moderate-income census tracts, 46.9 percent in middle-income census tracts, and 44.7 percent in upper-income census tracts. Population data suggests that the vast majority of opportunities to lend within the assessment area are in middle- and upper-income census tracts.

Median Family Income Levels

The analysis under the Borrower Characteristics section of the Lending Test is primarily based on the distribution of home mortgage loans to borrowers of different incomes, using the same four income levels defined in the previous section. The analysis utilizes income data from the 2000 US Census for the Cambridge-Newton-Framingham, MA MD and Peabody, MA MD that have been annually adjusted by the Department of Housing and Urban Development for inflation and other economic events. The estimated 2010 and 2011 MFI figures were \$98,700 and \$105,000 for the Cambridge-Newton-Framingham, MA MD, and \$83,900 and \$86,200 for the Peabody, MA MD.

The analysis of the Bank's home mortgage lending also includes comparisons to the distribution of assessment area families by income level. Table 3 shows this distribution based on 2000 US Census data.

Table 3 – Number and Percentage of Families by Income Level		
Income Category	2000 Census	
	# of Families	% of Total Families
Low-Income	10,847	14.7
Moderate-Income	11,486	15.5
Middle-Income	16,212	21.9
Upper-Income	35,411	47.9
Total	73,956	100.0

Source: 2000 US Census Data

Table 3 reveals that upper-income families represent the largest portion of total families by a significant margin. The percentages of families in low- and moderate-income categories are very similar. Table 3 highlights the affluent nature of the assessment area.

Housing Characteristics

Table 4 illustrates various housing-related statistics by census tract income level for the Bank's assessment area.

Table 4 – Selected Housing Characteristics by Income Category of the Geography							
Geography Income Level	Percentage						Median Home Value
	Census Tracts	Families	Housing Units	Owner- Occupied	Rental Units	Vacant Units	
Low	1.9	14.7	1.8	0.7	4.6	2.9	107,700
Moderate	7.4	15.5	6.5	3.5	13.5	11.3	174,318
Middle	44.4	21.9	48.9	46.7	54.7	46.6	227,501
Upper	46.3	47.9	42.8	49.1	27.2	39.2	366,147
Total / Median	100.0	100.0	100.0	100.0	100.0	100.0	\$297,836

Source: 2000 US Census

Among other statistics, Table 4 depicts the distribution of owner-occupied housing units by census tract income level. There are 1,982 housing units located in low-income census tracts of the assessment area. Of these units, 522 are owner-occupied, 1,391 are rental, and 69 are vacant. As indicated in Table 4, the 522 owner-occupied units located in low-income tracts represent only 0.7 percent of owner-occupied units in the assessment area. Of the 6,964 assessment area housing units located in moderate-income census tracts, 2,596 are owner-occupied, 4,101 are rental, and 268 are vacant. Table 4 reveals that the 2,596 owner-occupied units located in moderate-income tracts represent only 3.5 percent of owner-occupied units. In total, only 4.2 percent of owner-occupied housing units within the assessment area are located in low- or moderate-income census tracts. The limited number of owner-occupied housing units in low- and moderate-income tracts significantly limits the Bank's opportunities to make home mortgages in these areas.

The median housing value in the assessment area was \$297,836 as of the 2000 US Census. However, more recent housing data obtained from *The Warren Group* reflects higher home values during the review period. Table 5 illustrates median home prices for cities and towns in the assessment area.

Table 5 – Median Home Sales Prices		
City/Town	2010	2011
Andover	\$495,000	\$455,000
Arlington	\$469,000	\$456,000
Lawrence	\$155,000	\$155,000
Lexington	\$667,300	\$665,000
Methuen	\$232,250	\$213,053
North Andover	\$354,000	\$364,700
North Reading	\$375,000	\$358,900
Reading	\$385,000	\$381,000
Wilmington	\$354,700	\$327,500
Winchester	\$650,000	\$680,000
Woburn	\$312,000	\$300,500

Source: The Warren Group

As shown in Table 5, from 2010 to 2011, median home prices declined in all municipalities with the exception of North Andover and Winchester. The City of Lawrence experienced the lowest median sales price among assessment area communities in both years.

The change in median sales prices was not closely correlated to the number of home sales throughout the assessment area. Five of the assessment area communities experienced increases in the volume of sales from 2010 to 2011. The greatest decline in home sales was in the City of Lawrence. Table 6 provides information on the number of home sales for assessment area communities during the review period.

Table 6 – Sales Throughout the Assessment Area		
City/Town	2010	2011
Andover	429	401
Arlington	594	569
Lawrence	700	560
Lexington	504	530
Methuen	520	540
North Andover	358	367
North Reading	162	184
Reading	269	266
Wilmington	224	254
Winchester	328	291
Woburn	369	314

The generally high home values suggest that limited opportunities exist to make home mortgage loans to low- and moderate-income borrowers. Additionally, the significant decline in home sales in Lawrence and Woburn indicate reduced opportunities to lend in the low- and moderate-income geographies of the assessment area.

Unemployment Data

State and county unemployment rates were obtained from the Bureau of Labor Statistics. Information on unemployment rates within the assessment area was obtained from the Massachusetts Executive Office of Labor and Workforce Development.

The Massachusetts unemployment rate was 8.3 percent in 2010 and 7.5 percent in 2011. Of the two counties in which the Bank has defined its assessment area, Essex County had the highest unemployment rate at 8.9 percent in 2010 and 7.9 percent in 2011. Middlesex County had an unemployment rate of 7.0 percent in 2010 and 6.0 percent in 2011. The state and county unemployment rates show a decreasing trend. The City of Lawrence experienced the highest unemployment rate 16.1 percent in 2010 and 15.8 percent in 2011 of all assessment area communities. These figures were significantly higher than the other communities in the assessment area and represent one of the highest unemployment rates in all of Massachusetts.

Business Demographic Data

According to *Dun & Bradstreet* data, there were 22,293 non-farm businesses in the assessment area in 2010. Of total non-farm businesses, 1.7 percent were in low-income tracts, 4.7 percent were in moderate-income tracts; 47.3 percent were in middle-income tracts; and 46.3 percent were in upper-income tracts. In terms of revenues, 76.9 percent of businesses had gross annual revenues of \$1.0 million or less, 6.3 percent had revenues greater than \$1.0 million, and 16.7 percent did not report gross annual revenue information.

Competition

Northmark Bank operates in a highly competitive lending environment. The Bank faces competition from large national and regional banks, mortgage companies, community banks, and credit unions. Residential lending market share reports for 2010 indicate a total of 358 lenders reported 23,477 originations or purchases totaling approximately \$7.4 billion in the assessment area. The top ten home mortgage loan originators consisted of large mortgage companies and national or regional banks. These institutions accounted for 50.7 percent of the market share for the total assessment area.

Competitors operating within the Bank's assessment area include Bank of America, N.A., JPMorgan Chase Bank, N.A., Ally Bank (formerly GMAC Bank), and GMAC Mortgage LLC. Bank management referenced a custom peer group ("CPG") as its primary competition. The CPG consists of 20 FFIEC reporting institutions in Middlesex and Essex counties with assets between \$200 million and \$500 million as of December 31, 2011.

Community Contacts

As part of the evaluation process, third parties active in community affairs are contacted to assist in assessing the housing and general banking needs of the community. Relevant information obtained from such sources helps to determine whether local financial institutions are responsive to the credit and service needs of the communities and what further opportunities, if any, are available. For purposes of this evaluation, an interview was conducted with a local community agency in Lawrence, Massachusetts. This organization is dedicated to assisting low-income residents within its service areas of Andover, North Andover, Lawrence, and Methuen. Services provided by this contact include education and training, energy, health and nutrition, and various other social services. The contact did not specifically mention any local banks; however, they did indicate that the biggest needs of these communities are small business financing and financial literacy.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The Lending Test considers the Bank's performance pursuant to the following criteria: loan-to-deposit ("LTD") ratio; assessment area concentration; geographic distribution of loans; lending to borrowers of different incomes and businesses of different sizes; and the Bank's record of taking action in response to CRA complaints. Overall, the Bank's performance under the Lending Test is considered "Satisfactory." This rating indicates that Northmark Bank's lending performance demonstrates a reasonable responsiveness to the credit needs of the assessment area.

Loan-to-Deposit Analysis

The Bank's LTD ratio is reasonable (considering seasonal variations and taking into account lending related activities) given the institution's size, financial condition, and assessment area credit needs. The Bank's average net LTD ratio over the 12 quarters since the prior CRA evaluation was 90.7 percent. The Bank's net LTD ratio as of December 31, 2011 was 91.6 percent.

The Bank's quarterly LTD ratio ranged from a low of 86.5 percent as of September 30, 2009 to a high of 93.04 percent as of September 30, 2011. A comparison to three similarly situated institutions in terms of loan portfolio composition and total assets revealed that the Bank's ratio (90.7 percent) was comparatively higher than two of the three similarly situated institutions. Table 7 presents this comparison.

Table 7 – Net Loan-To-Deposit Comparison		
Institution	Asset Size of as of December 31, 2011 \$(millions)	Average Net LTD Ratio 3/18/09 – 12/31/11
Northmark Bank	305.6	90.7%
Beverly Co-operative Bank	297.6	100.9%
Haverhill Bank	260.7	88.3%
Reading Co-operative Bank	347.2	84.3%

Source: December 31, 2011 Call Reports

The net LTD ratio was affected by the Bank's practice of selling residential real estate loans on the secondary market. According to Bank records, Northmark Bank sold 22 loans totaling \$3.7 million in 2010 and 31 loans totaling \$7.7 million in 2011 to the secondary market.

Comparison of Credit Extended Inside and Outside of the Assessment Area

Overall, a majority of the Bank's home mortgage and small business loans were inside the designated assessment area.

This performance criterion evaluates whether the Bank is meeting the credit needs within its assessment area. The analysis includes both residential and small business loans. As stated previously, equal weight was placed on both products. By number, the Bank originated more small business loans than residential loans in the assessment area during the review period. Table 8 illustrates the Bank's record of extending home mortgage and small business loans inside and outside the assessment area for each year by number and dollar amount.

Table 8 - Distribution of Loans Inside and Outside of the Assessment Area										
Year and Loan Purpose or Type	Number of Loans					Dollars in Loans (000s)				
	Inside		Outside		Total #	Inside		Outside		Total \$
	#	%	#	%		\$	%	\$	%	
2010										
Purchase	26	41.9	36	58.1	62	10,336	40.4	15,260	59.6	25,596
Home Improvement	9	60.0	6	40.0	15	1,567	64.8	850	35.2	2,417
Refinance	22	51.2	21	48.8	43	5,869	45.7	6,972	54.3	12,841
Total	57	47.5	63	52.5	120	17,772	43.5	23,082	56.5	40,854
2011										
Purchase	30	51.7	28	48.3	58	14,250	59.7	9,629	40.3	23,879
Home Improvement	4	23.5	13	76.5	17	198	6.3	2,962	93.7	3,160
Refinance	21	53.8	18	46.2	39	6,442	58.8	4,509	41.2	10,951
Total	55	48.2	59	51.8	114	20,890	55.0	17,100	45.0	37,990
Subtotal	112	47.9	122	52.1	234	38,662	49.0	40,182	51.0	78,844
2010										
Small Business	74	72.5	28	27.5	102	6,531	58.2	4,697	41.8	11,228
2011										
Small Business	68	61.3	43	38.7	111	8,812	62.7	5,237	37.3	14,049
Subtotal	142	66.7	71	33.3	213	15,343	60.7	9,934	39.3	25,277
Grand Total	254	56.8	193	43.2	447	54,005	51.9	50,116	48.1	104,121

Source: 2010 & 2011 HMDA LARs, 2010 & 2011 Institution Records of Small Business Lending

As illustrated in Table 8, the Bank originated a total of 234 home mortgage loans totaling \$78 million in 2010 and 2011. Of these loans, 47.9 percent by number and 49.0 percent by dollar volume were originated within the assessment area. Additionally, the Bank originated a total of 213 small business loans totaling \$25 million in 2010 and 2011. Of these loans, 66.7 percent by number and 60.7 percent by dollar volume were originated within the assessment area. The following sections discuss the Bank's performance under this criterion by product line.

Residential Lending

The Bank originated slightly less than a majority of its home mortgage loans inside the assessment area in 2010 and 2011. As shown in Table 8, the Bank made 47.5 percent of total loans by number and 43.5 percent by dollar amount inside the assessment area in 2010. The concentration of loans by dollar amount inside the assessment area increased to 49.0 percent in 2011. This performance represents an improvement from the previous evaluation, when the bank originated just 40.0 percent of home mortgage loans by number in the assessment area in 2007 and 2008.

Additional analysis of home mortgage loans inside the assessment by loan purpose was also performed. A majority of home improvement and refinance loans in 201, 60.0 and 51.2, respectfully, were originated within the assessment area, while more than half, 58.6 percent of purchase loans were originated outside the assessment area. The number of refinance loans within the assessment area remained steady from 2010 to 2011, while home improvement loans decreased over the same time period.

As previously discussed in the *Description of Assessment Area* section, the market for home mortgage loans in the Bank's assessment area is highly competitive, with 358 lenders originating at least one loan in 2010. Northmark Bank ranked 56th with a market share of 0.24 percent. A vast majority of the higher ranked institutions were much larger in terms of asset size. The Bank's lending volume reflected an improving trend since the previous evaluation and 2010 market data mitigates the slightly less than a majority of home mortgage loans inside the assessment area performance.

Small Business Lending

The Bank made a majority of small business loans by number and dollar amount inside the assessment area during the review period. As reflected in Table 8, the Bank originated a majority of its small business loans within the assessment area in 2010 and 2011. A total of 142, or 66.7 percent of small business loans were originated inside the assessment area. A majority of loans by number and dollar amount were originated inside the assessment area during each year. By dollar amount, approximately \$15 million, or 60.7 percent, were within the assessment area during 2010 and 2011. The Bank increased its concentration of loans in the assessment area by dollar amount from 2010 to 2011.

Overall, the Bank's performance relative to this component is considered adequate, with a majority of home mortgage and small business loans originated in its delineated assessment area.

Geographic Distribution

Overall, the geographic distribution of home mortgage and small business loans reflects reasonable dispersion throughout the assessment area.

The geographic distribution of loans was reviewed to assess the Bank's performance in addressing credit needs throughout its assessment area. The primary focus of this analysis was to assess the Bank's loan distribution in its assessment area, with emphasis placed on lending in low- and moderate-income census tracts.

Home Mortgage Lending

The distribution of the Bank's home mortgage lending reflects reasonable dispersion throughout the assessment area. Table 9 presents the Bank's home mortgage lending performance by number of loans in 2010 and 2011, as well as the 2010 aggregate market data. Table 9 also includes the percentage of owner-occupied housing units for each census tract income level for comparison purposes.

Table 9 – Distribution of Home Mortgage Loans by Census Tract Income Level						
Census Tract Income Level	% of Total Owner-Occupied Housing Units	2010 Aggregate Lending Data (% of #)	Bank 2010		Bank 2011	
		%	#	%	#	%
Low	0.7	0.4	0	0.0	0	0.0
Moderate	3.5	2.5	3	5.3	0	0.0
Middle	46.7	41.6	17	29.8	26	47.3
Upper	49.1	55.6	37	64.9	29	52.7
Total	100.0	100.0	57	100.0	55	100.0

Source: 2010 and 2011 HMDA Data, 2000 US Census Data

In 2010 and 2011, the Bank did not originate any home mortgage loans in the single low-income census tract. Table 9 reveals that the aggregate lending within the low-income census tract was well below 1.0 percent of total area loans. Aggregate lending was also lower than the percentage of owner-occupied housing units. Only 33 lenders were able to penetrate this tract in 2010. Of these, only 9 institutions originated more than 1 loan, and all 9 lenders were non-local lenders. The Bank's performance in the low-income census tract is also mitigated by only 0.7 percent of owner-occupied housing units in the assessment area are located in this geography. This information highlights the limited opportunities to make home mortgage loans in this census tract. As a result, the Bank's performance within the low-income was evaluated in relative proportion to the overall assessment area.

While no loans were originated in the assessment area's low-income geography, the Bank demonstrated a willingness to originate loans in other low-income tracts in the City of Lawrence just outside the assessment area. During the review period, the Bank originated three loans to acquire and rehabilitate a total of six rental units located in low-income census tracts in Lawrence. The units are rented to low- and moderate-income individuals.

The Bank performed significantly better in moderate-income census tracts. Northmark Bank originated 5.3 percent of its home mortgage loans in moderate-income tracts, more than double the aggregate performance of 2.5 percent and exceeding the percentage of owner-occupied housing units in the assessment area. The Bank's performance declined in 2011, as the Bank did not extend any home mortgage loans in moderate-income tracts. However, the Bank originated a loan during the review period for the permanent financing of a 3-unit residential rental property in a moderate-income census tract located in Lawrence, but just outside the assessment area. Furthermore, the lack of a branch presence within the heavily competitive Lawrence and Woburn geographies affected the Bank's ability to penetrate the low- and moderate-income geographies.

The distribution of loans by number bears more weight on the Bank's rating than the distribution by dollar amount, because the number of loans correlates more closely to the number of individuals or families that were able to obtain home mortgage loans.

Market data for 2010 indicates that the Bank captured 0.5 percent of the market share for all home mortgage loans reported in the assessment area's moderate-income tracts. The institution's rank of 46 in moderate-income census tracts is higher than its overall rank of 56. This information further highlights the Bank's reasonable performance.

Small Business Lending

The geographic distribution of the Bank's small business lending reflects good dispersion throughout the assessment area. As shown in Table 10, the Bank made 2 loans, or 2.7 percent, in the low-income census tract, and 9 loans, or 12.2 percent, in moderate-income census tracts in 2010. This performance exceeds the percentage of total businesses in the low- and moderate-income census tracts, 1.7 percent and 4.7 percent, respectively. The Bank's performance in the low-income tract was similar in 2011. Lending to small businesses within moderate-income tracts decreased slightly in 2011 to 10.3 percent. Both percentages are still well above the percentage of small businesses located in these geographies. This performance reflects favorably on the institution's rating, especially considering that a community contact referenced small business financing as a pressing need in the assessment area.

Table 10 – Distribution of Small Business Loans by Census Tract Income Level					
Census Tract Income Level	% of Businesses	Bank 2010		Bank 2011	
		#	%	#	%
Low	1.7	2	2.7	2	2.9
Moderate	4.7	9	12.2	7	10.3
Middle	47.3	47	63.5	48	70.6
Upper	46.3	16	21.6	11	16.2
Total	100.0	74	100.0	68	100.0

Source: Bank Records – Small Business Data (2010, 2011); D&B 2010 Business Data

As discussed previously, the low- and moderate-income tracts have limited opportunities for mortgage and small business lending with significant competition from local and national lenders. Aggregate market performance was not considered, as the market share represents all small business loan activity throughout Middlesex and Essex counties, which is significantly larger than the Bank's assessment area.

Borrower Characteristics

Overall, the distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes. The overall conclusion is based on the reasonable distribution of home mortgage loans to low- and moderate-income individuals, and the Bank's reasonable performance in lending to businesses with gross annual revenues under \$1 million. The following sections discuss the Bank's performance under this criterion with regard to each product line.

Home Mortgage Lending

The distribution of loans by borrower income reflects, given the product lines offered by the institution, reasonable penetration among retail customers of different income levels. Table 11 illustrates the distribution of the Bank's home mortgage loans by borrower income level for 2010 and 2011. For comparison purposes, the table includes the percentage of total families by income level and the aggregate lending data.

Table 11 – Distribution of Home Mortgage Loans by Borrower Income						
Family Income Level	% Total Families	2010 Aggregate Lending Data (% of #)	Bank 2010		Bank 2011	
			#	%	#	%
Low	14.7	3.4	1	1.8	1	1.8
Moderate	15.5	12.8	1	1.8	3	5.5
Middle	21.9	25.0	7	12.3	3	5.5
Upper	47.9	56.7	32	56.1	32	58.2
NA	0.0	2.2	16	28.1	16	29.1
Total	100.0	100.0	57	100.0	55	100.0

Source: 2000 US Census, 2010 and 2011 HMDA LAR, 2010 HMDA Aggregate Data

The Bank originated 1.8 percent and 1.8 percent of all assessment area loans to low-income borrowers in 2010 and 2011, respectively. The Bank's performance in 2010 was lower than the aggregate's performance. Although the Bank's percentage of loans to low-income borrowers was less than the 14.7 percent of families that were low-income, a good portion of these families

would likely not qualify for a home mortgage loan. In fact, 22.8 percent of the area's low-income families were below the poverty level according to the 2000 US Census. It should also be noted that the origination of only one more loan would have put the Bank's performance at the same level as the aggregate market.

The Bank originated 1.8 percent and 5.5 percent of its loans to moderate-income borrowers in 2010 and 2011, respectively. The Bank's percentage in 2010 was significantly lower than the aggregate's 12.8 percent and the percentage of moderate-income families. However, the Bank improved its performance in 2011. Overall, the analysis indicates that the Bank lends to low- and moderate-income borrowers, with an increasing trend in lending to moderate-income borrowers.

In assessing the Bank's performance under this criterion, consideration was given to the affluent nature of the assessment area. Many low- and moderate-income families would not qualify for a mortgage given the high value of home prices. As discussed previously, the vast majority of assessment area communities had median sales prices of homes above \$300,000 in 2010 and 2011.

Small Business Lending

The distribution of the Bank's small business loans by gross annual revenues and loan size is reasonable. Table 12 illustrates the number of the Bank's small business loans in the assessment area by level of gross annual revenues ("GARs"). Table 12 also shows the percentage of total businesses in the assessment area by level of GARs for comparison purposes.

Table 12 – Distribution of Small Business Loans by GARs of Business					
GAR \$(000s)	% of Total Businesses	Bank 2010		Bank 2011	
		#	%	#	%
≤ \$1,000	76.9	41	55.4	39	57.4
> \$1,000 or N/A	23.1	33	44.6	29	42.7
Total	100.0	74	100.0	68	100.0

Source: Bank Records – Small Business Data (2010, 2011); D&B 2010 Business Data

Overall, a majority of the Bank's loans were to businesses with GARs of \$1 million or less. In 2010, the Bank extended 41, or 55.4 percent, of its small business loans inside the assessment area to businesses with GARs of \$1 million or less. This performance is less than the percentage of total businesses within the assessment area with GARs of \$1 million or less (76.9 percent). The Bank's performance improved by percentage and declined by volume in 2011, with 39, or 57.4 percent, of its small business loans made to businesses with GARs of \$1 million or less. Despite a decrease in volume in 2011, the Bank's performance remained reasonable and reflects a willingness to meet the credit needs of small businesses in the assessment area.

The loans to businesses with GARs of \$1 million or less within the Bank's assessment area were further analyzed to determine the typical loan amount at origination. This analysis is based on the supposition that loans of smaller amounts are most likely made to very small businesses. Thus, it is viewed favorably when banks have a high percentage of loans made in amounts of less than \$100,000. Table 13 illustrates the Bank's small business loans by loan amount.

Table 13 – Distribution of Small Business Loans by Loan Size				
Loan Amount (000s)	Bank 2010		Bank 2011	
	#	%	#	%
< \$100	35	85.4	29	74.4
≥\$100 < \$250	2	4.9	6	15.4
≥\$250 ≤ \$1,000	4	9.8	4	10.3
Total	41	100.0	39	100.0

Source: Bank Records – Small Business Data (2010, 2011)

As Table 13 indicates, 85.4 percent and 74.7 percent of the Bank's loans to the assessment area's small businesses were for amounts less than \$100,000 in 2010 and 2011, respectively. These percentages further demonstrate the Bank's commitment to meeting the credit needs of small businesses in the assessment area. The Bank's record of extending small loans to businesses reflects reasonable performance in meeting the credit needs of small businesses in its assessment area.

Response to CRA Complaints

The Bank received no CRA-related complaints during the evaluation period. It was noted that the Bank maintains adequate procedures to handle all incoming complaints, including those relating to its CRA performance.

COMMUNITY DEVELOPMENT TEST

The community development test measures an institution's assessment of the needs in its community, its engagement in different types of community development activities based on those needs and the institution's capacities, and its reasonable steps taken to apply its community development resources strategically to meet those needs. During the course of this examination, community development lending, qualified investments, and community development services were evaluated. The Bank's Community Development Test performance is "Satisfactory."

The Bank demonstrated adequate responsiveness to the community development needs of its assessment area primarily through community development loans and community development services. This conclusion considers the institution's capacity and the need and availability of such opportunities for community development in the assessment area. As part of the analysis, the Bank's effort to identify community development opportunities given the composition of the census tracts in its assessment area is considered.

Community Development Loans

The community development loans extended by Northmark Bank were evaluated during the examination. By definition, a community development loan is a loan that has community development as its primary purpose and has not been reported or collected by the Bank as a home mortgage or small business loan for consideration in the Lending Test, unless it is a multifamily dwelling loan. For the period under review, the Bank originated four qualified community development loans totaling \$540,391 in the assessment area. The qualified loans are detailed below.

In 2010, the Bank granted a \$250,000 term loan to acquire a riverfront real estate parcel of 31,997 square feet in Lawrence, Massachusetts. The borrower and an affiliated limited liability corporation propose to build a Chapter 40B affordable housing complex composed of three residential buildings containing 92, 28, and 18 units; a clubhouse; green space; and off-street parking. According to Bank management, the proposed development would be a substantial improvement and re-use of this underused center city industrial area and would provide new affordable housing to the area. The Bank revised and extended this loan in 2011 and 2012. The property is located in a moderate-income geography in the Bank's assessment area.

The Bank granted three loans: \$77,856 in July 2009, \$94,460 in September 2009, and \$118,075 in September 2010 through the Massachusetts Small Business Capital Fund. This Fund consists of blind pool investment funds that promote economic development by financing small businesses in the assessment area and broader state-wide region. The program was created by Massachusetts Business Development Corporation (MBDC) in 1993, and over the past 17 years the Fund has made 4,285 loans to community-based small businesses in every one of the 351 cities and towns in Massachusetts.

Northmark Bank also made several loans reported on its HMDA LAR and Small Business Loan Register that have community development purposes. Considering the needs and opportunities in the community, the Bank provided an adequate level of community development loans in its assessment area.

Outside the Assessment Area

Northmark Bank also originated community development loans just outside its defined assessment area during the review period. These activities are described below.

During September 2011, the Bank made a first mortgage in the amount of \$80,000 to provide permanent financing for a five-unit mixed-use building located in Lawrence, Massachusetts. Of the property's five units, four are low- and moderate-income residential rental apartments, including one Section 8 recipient. The fifth unit is a commercial office that currently functions as an outpatient alcohol rehabilitation center for a non-profit organization. This organization is a multi-service, multi-cultural, bilingual center that is committed to the health and well-being of the communities they serve. Their mission is to provide science-based programs and interventions to people who are experiencing mental health, substance use and addiction, or other problems in living so they can respond to the stressors that they experience in the home, school, workplace, and society with resilience and pro-social, adaptive behavior. The property is in a moderate-income geography and primarily serves low- and moderate-income individuals.

Additionally, the Bank provided an advance in the amount of \$80,000 in June 2009 for a financed heating system and roof improvements to a non-profit organization. This organization's mission is to develop collaborative opportunities and empower low-income individuals and families in the Montachusett Region of Massachusetts to achieve self-sufficiency.

Community Development Investments

The institution's record of meeting the credit needs of its assessment area through its use of qualified investments that benefit the assessment area or a broader statewide or regional area that includes the institution's assessment area was considered. The following criteria were evaluated: (1) the dollar amount of qualified investments; (2) the responsiveness of qualified investments to credit and community development needs; and (3) the degree to which the qualified investments are not routinely provided by private investors.

Qualified Charitable Donations:

Northmark contributes to economic, educational and social organizations in its assessment area by making charitable donations. During the period under review, 2009 through 2011, the Bank contributed \$19,645 to community organizations for community development purposes. By year, the Bank donated \$5,885 in 2009, \$7,465 in 2010, and \$6,295 in 2011. Refer to the following sample of organizations that received charitable donations and the organizations' missions.

Adelante-Lawrence Youth Center – Adelante (Spanish for "moving forward") provides Lawrence's urban youth with opportunities to enhance their education, leading them to greater economic success in adulthood. Adelante was founded as a recreation center in 1992 to provide a safe haven for disadvantaged youth. It currently offers programs to the youth in Lawrence including low-income youths designed to develop leadership skills and emphasize academics.

Cor Unum – Cor Unum is a not-for-profit meal center located in South Lawrence that serves individuals in Lawrence who suffer from hunger. The organization provides free and nutritious meals to the low income individuals and families including the working poor, families with children, and the homeless.

Lazarus House Ministries (LHM) – LHM is a North Lawrence based agency serving households and individuals living in poverty. LHM provides an Emergency Shelter with 41 beds and 7 cribs, a food kitchen feeding more than 200 daily, three thrift stores providing affordable and sometimes free clothing, furniture and household goods, and an operating cleaning company offering real world work training and ESL classes.

Qualified Equity Investments:

The Bank did not make any qualified equity investments during the evaluation period.

Community Development Services

Northmark Bank provides community development services throughout its assessment area. Several Bank personnel are involved with organizations that have a community development purpose. Bank employees provided financial expertise and led fundraising efforts for these organizations. The Bank promotes community development opportunities that foster economic development, affordable housing, or social services to low- or moderate-income persons. Refer to the following for examples of Northmark Bank's Community Development Service activity.

Exchange Club of Lawrence – This is an all-volunteer service organization for Greater Lawrence men and women which focuses its mission on service to children through activities and scholarships and prevention of child abuse through its role as a founder and participant in the Michael B. Christiansen Center for Child Abuse Prevention. The Bank's Chairman is a 15 year member of the organization where he served as a past board member and is an active advisor on club financial matters.

Boys and Girls Club of Lawrence – This is a nationally recognized youth development agency for the children of inner city Lawrence. The agency operates two facilities and provides dinner to close to 350 low income individuals nightly. It also offers programs that promote health and life skills, education, and career development to many low- and moderate-income people. The agency primarily serves low- and moderate-income families that reside in Lawrence. The Bank's Chairman serves on its board of directors, and finance, and scholarship committees.

Woburn Boys and Girls Club – This organization operates its main clubhouse at three school locations in Woburn, serving 1,700 members in 2010. Major programs include Education and Career Development, Health and Life Skills for many low- and moderate income individuals. This organization also offers extended day child care targeted to low- and moderate-income families with elementary school students. The Bank's Senior Lending Officer is a member of the board for this organization.

Massachusetts Business Roundtable (MBR) – This is a non-profit public policy organization whose mission is to strengthen the economic vitality and competitiveness of the Commonwealth. The MBR is currently working on improvement strategies for education and workforce development, transportation, health care, economic competitiveness, and corporate social responsibility. The MBR's concerns with the economic competitiveness are particularly important to the Merrimack Valley communities near the New Hampshire border, a significant part of the Bank's CRA assessment area. The Bank's Chief Executive Officer chairs the MBR's health care task force which advocates for a health cost containment strategy based on consumerism, wellness programs, and payment reform.

Woburn Business Association – This is a membership organization consisting of companies located in Woburn, Massachusetts. Its mission is to promote and protect business interests in the City of Woburn and provide networking services for the business community. A Director of the Bank serves as a director of this organization.

Merrimack Valley Community Fund – This locally directed \$1.3 million charitable fund provides grants to non-profit organizations serving the Merrimack Valley communities of Lawrence, Methuen, Haverhill, Andover, North Andover, Boxford, Georgetown, Groveland, West Newbury, Merrimac, Amesbury, Newburyport, Newbury and Salisbury. Because the Merrimack Valley Community Foundation started as the Greater Lawrence Community Foundation, there is an emphasis on supporting agencies in the communities of Lawrence, Andover, North Andover, Methuen and Haverhill. The Fund trustees are charged with the functional and financial evaluation of grant applicants in order to award its annual grants. Awards are primarily given to organizations with community development and economic revitalization missions. The Bank's Chairman, a past chairman, serves as a longtime committee member.

Additionally, staff members and members of the Board of Directors of the Bank are active members of many Chambers of Commerce, Rotary Clubs, and also donate their time for local food drives and other service activity.

Other Services

Northmark Bank IOLTA participation/activities – During the review period Northmark Bank paid interest to Interest on Lawyers' Trust Accounts (IOLTAs) with average aggregate balances in excess of \$2.3 million. Attorneys and law firms maintain these accounts for the short term holding of client's funds. Interest earned on these accounts is then remitted to the IOLTA committee. The IOLTA program benefits low-income individuals in the areas of consumer, family, education, disability, and elder law services. Specific to the Bank's assessment area, the Massachusetts IOLTA Committee funds support the following organizations.

Children's Law Center of Massachusetts – (Essex County) This organization provides high risk children with access to educational advocacy services. Funds are also used to provide technical assistance and training to attorneys, bar advocates, youth workers, and parents. This is a collaborative project with the Youth Advocacy Project of Roxbury.

Jeanne Geiger Crisis Center – (Essex County) This organization provides legal advocacy, direct representation, and support to low-income victims of domestic violence within Northeast Essex County. Services are provided by both staff attorneys and a pro bono attorney panel.

Community Legal Services and Counseling Center – (Middlesex County) The Pro Bono and Legal Staff Services Project provides direct legal services, community legal education, and reform advocacy in areas of family law, homelessness prevention, and government benefits. The Domestic Violence and Child Support Project helps victims of domestic violence and their children secure long-term protection from abuse, financial security, healthcare, custody and safe visitation.

Employment Options, Inc. – (Middlesex County) This organization provides legal representation to low-income parents with mental illnesses who are at risk of losing custody and all contact with their children. This project is collaboration between Employment Options and the Mental Health Legal Advisors Committee.

Basic Banking for Massachusetts – Northmark Bank participates in the Massachusetts Community Banking Council's Basic Banking for Massachusetts program. The Bank offers a checking and savings account that meets the guidelines under this program. This account serves to encourage those with modest incomes to establish banking relationships.

APPENDIX A
DIVISION OF BANKS
Fair Lending Policies and Procedures

A review of the Bank's public comment file indicated that the Bank received no complaints pertaining to the institution's CRA performance since the previous examination.

MINORITY APPLICATION FLOW

A review of residential loan applications was conducted in order to determine the number of HMDA-reportable credit applications the Bank received from minority applicants. For the period reviewed, the Bank received a total of three HMDA reportable mortgage applications from racial minority groups within its assessment area.

Refer to the following table for further details.

Table 14 – MINORITY APPLICATION FLOW								
RACE	Bank 2010		2010 Aggregate Data		Bank 2011		Bank TOTAL	
	#	%	#	%	#	%	#	%
<i>American Indian/ Alaska Native</i>	0	0.0	33	0.1	0	0.0	0	0.0
<i>Asian</i>	1	1.2	2,717	9.3	0	0.0	1	0.7
<i>Black/ African American</i>	0	0.0	150	0.5	1	1.4	1	0.7
<i>Hawaiian/Pac Isl.</i>	0	0.0	29	0.1	0	0.0	0	0.0
<i>2 or more Minority</i>	0	0.0	7	0.1	0	0.0	0	0.0
<i>Joint Race (White/Minority)</i>	1	1.2	405	1.4	0	0.0	1	0.7
Total Minority	2	2.4	3,341	11.5	1	1.4	3	2.1
<i>White</i>	46	56.8	19,409	66.8	31	43.7	77	50.6
<i>Race Not Available</i>	33	40.8	6,325	21.7	39	54.9	72	47.3
Total	81	100.0	29,075	100.0	71	100.0	152	100.0
ETHNICITY								
<i>Hispanic or Latino</i>	0	0.0	549	1.9	0	0	0	0.0
<i>Not Hispanic or Latino</i>	44	54.3	21,869	75.2	24	33.8	68	44.7
<i>Joint (Hisp/Lat /Not Hisp/Lat)</i>	0	0.0	247	0.9	0	0.0	0	0.0
<i>Ethnicity Not Available</i>	37	45.7	6,410	22.0	47	66.2	84	55.3
Total	81	100.0	29,075	100.0	71	100.0	152	100.0

Source: US Census, HMDA LAR, HMDA Aggregate Data

The level of applications the Bank received from minority groups in the assessment area was well below the minority applications received by the aggregate. Of the three applications from a minority group, two resulted in originations. According to the 2010 aggregate data, 80.5 percent of the minority applications resulted in originations.

APPENDIX B

General Definitions

GEOGRAPHY TERMS

Census Tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Metropolitan Area (MA): One or more large population centers and adjacent communities that have a high degree of economic and social integration. Each MA must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MA comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MAs are composed of cities and towns rather than whole counties.

Metropolitan Statistical Area (MSA): One or more metropolitan areas that have economic and social ties.

Primary Metropolitan Statistical Area (PMSA): A large urbanized county or cluster of counties that demonstrate very strong internal economic and social links, in addition to close ties to other portions of the larger area. If an area qualifies as an MA and has more than one million persons, PMSAs may be defined within it.

Consolidated Metropolitan Statistical Area (CMSA): The larger area of which PMSAs are component parts.

Non-Metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in: places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin) but excluding the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

HOUSING TERMS

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

INCOME TERMS

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide non-metropolitan median family income, if a person or geography is located outside an MSA.

Family Income: Includes the income of all members of a family that are age 15 and older.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households consist of only one person, median household income is usually less than median family income.

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of a geography.

HUD Adjusted Income Data: The U.S. Department of Housing and Urban Development (“HUD”) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

OTHER TERMS

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement and temporary-to-permanent construction loans.

Small Business Loan: A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income. These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income. These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks and the Federal Deposit Insurance Corporation, at 89 Turnpike Street, North Andover, MA 01845."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.